



088942

UNITED STATES GENERAL ACCOUNTING OFFICE
DALLAS REGIONAL OFFICE
ROOM 500, 1512 COMMERCE STREET
DALLAS, TEXAS 75201

June 16, 1970

Mr. Louis S. Lyon, Regional Director
U. S. Civil Service Commission
1114 Commerce Street
Dallas, Texas 75201



Dear Mr. Lyon:

We have made a review for the settlement of the accounts of accountable officers of the Dallas Region, United States Civil Service Commission (CSC), Dallas, Texas, through June 30, 1969. Our review was made pursuant to the Budget and Accounting Act, 1921 (31 U.S.C. 53), and the Accounting and Auditing Act of 1950 (31 U.S.C. 67).

Our review, completed in March 1970, was directed primarily toward evaluating current administrative procedures and internal controls related to receipts and disbursements, including payrolls, and included such tests of financial transactions as we considered appropriate. We also reviewed the report and workpapers on the audit by the CSC Office of Management Analysis and Audits of fiscal transactions and related procedures and controls of the Dallas Regional Office for the period of February 1968 to April 1969. Program operations were not included in our review.

The administrative procedures and internal controls of most areas reviewed generally appeared adequate. We found, however, that the procedures and controls relating to certain types of payments to employees were in need of improvement. These matters were discussed with you and members of your staff and in most instances satisfactory corrective action either was taken or promised. Our findings are summarized below for your information and for any additional comments and follow-up action you deem appropriate.

Payments to employees for travel and moving expenses

1. The values of transportation requests used by employees for house hunting trips had not been reported as taxable wages, nor had Federal income taxes been withheld on such wages, due to a misinterpretation of Internal Revenue Service (IRS) regulations and CSC instructions.

944486 088942

The Budget and Fiscal Officer (BFO) agreed to (1) review all of the travel vouchers involving permanent changes of station which had been paid during the period 1967 through 1969, (2) determine the names of the employees and the values of the transportation requests used by them for house hunting trips, (3) issue to IRS amended Forms W-2, Wage and Tax Statement, for the years involved, and (4) issue amended Forms W-2 to the employees, so that they may file amended income tax returns and pay the additional taxes due. The BFO agreed to inform us of the results of this review.

2. An employee had been reimbursed for real estate purchase expenses totaling \$447.00 which, according to the supporting real estate closing statement, had been paid by the seller rather than the buyer. The BFO agreed to submit the claim for review by the CSC General Counsel and to notify us of the final action taken with respect to the payment.

3. Some employees had been underpaid for the movement of their household goods. The underpayments resulted from the omission of surcharge allowances and from computing the payments on the basis of the actual weight shipped rather than on the higher minimum weight to which they were entitled under certain circumstances. Employees also had been paid on the basis of an obsolete Household Goods Carrier's Bureau Mileage Guide. The use of this obsolete guide resulted in some small erroneous payments.

The BFO stated that in the future employees having claims for shipment of household goods would be informed of the surcharges and weight allowances available to them and that a current mileage guide would be obtained so that proper claims and payments for movements of household goods could be made.

4. Several employees had been paid for mileage on the basis of automobile odometer readings which substantially exceeded the mileages shown in standard highway mileage guides. We noted that in one such instance an employee had been paid for 92 miles more than the 664 miles shown in the standard highway mileage guides for the trip. In another instance, an employee had been paid for 80 miles more than the 278 miles shown in the mileage guides for the trip. The employee's vouchers did not contain either an explanation of or a justification for the extra mileage traveled. Section 3.5b(1) of the Standardized Government Travel Regulations states that any substantial deviation from the distances shown in standard highway mileage guides will be explained.

5. Some claims for change of station travel had been accepted and approved for payment by the certifying officer although the claims had not been submitted on the required voucher form. The BFO informed us that

future claims would not be accepted for payment unless submitted on the proper voucher form.

6. The extent of erroneous payments of temporary quarters allowances due to an improper method of computation, found in the last internal audit, had not been determined, nor had additional payments or collections been made for such erroneous payments. The BFO agreed to notify us of the results of the review then in progress for this purpose and of any corrective actions taken.

7. The internal controls over payments for employees' travel expenses were inadequate in that vouchers and supporting documents had not been pre-audited by voucher examiners in the Budget and Fiscal Office prior to approval and certification for payment by the authorized certifying officer, as required by CSC instructions. Instead, such vouchers had been audited after payment. The BFO informed us that, starting in January 1970, all vouchers involving payments for travel and moving expenses would be pre-audited and initialed by voucher examiners prior to approval and certification for payment by the authorized certifying officer.

Payrolls

1. Written procedures relating to the processing of permanent pay changes were not available. The Personnel Officer informed us that a member of his staff was in process of preparing an operating handbook which would contain these procedures and describe the internal controls involved.

2. Time and attendance reports had not been documented to show that they had been post-audited by the Budget and Fiscal Office. We were informed by the BFO that time and attendance reports would be appropriately documented in the future.

3. Current Treasury Forms W-4, Employee's Withholding Exemption Certificate, and written authorizations from employees for withholding State income tax had not been obtained, where applicable, as required by CSC instructions. We noted several employee pay folders which lacked this documentation. Satisfactory practices were implemented and the pay folders for current employees were updated during our review.

4. Contrary to CSC instructions, pay checks and savings bonds had been distributed in the Regional Office by undesignated and unauthorized personnel because a designated agent position had been vacated. The Administrative Officer informed us that he and a member of his staff would be designated to distribute checks and bonds to employees.

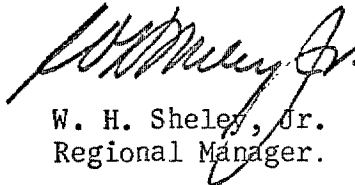
- - - - -

In accordance with the General Accounting Office Policy and Procedures Manual for Guidance of Federal Agencies (8 GAO 13), the records of financial transactions through June 30, 1969, may be transferred to the Federal Records Center for storage in accordance with your agency's overall records management program.

We appreciate the cooperation and courtesies extended to our representatives during the review. We would also appreciate receiving your comments regarding any actions taken or planned to be taken on the matters discussed herein, particularly with respect to the matters discussed in items 4 and 7 of the first section.

Copies of this report are being sent to the Executive Director and to the Director, Office of Management Analysis and Audits, United States Civil Service Commission.

Sincerely yours,



W. H. Sheley, Jr.
Regional Manager.